

## **TPSC Questions Of January 8, 2002, Regarding Import Relief the President Should Impose Under Section 203 & Answers of CANACERO**

**Question 1:** On page 15 of Canacero's comments submitted on January 4, 2002, the statement is made: Moreover, the approach to import trends taken by the United Steel Workers of America ("USWA") with regard to Mexico in the ITC proceedings incorrectly relies on the increase in imports from Mexico from 1996-2000 and ignores the statutory requirement that the Commission examine the Mexican growth rate "during the period in which an injurious increase in imports occurred." The footnote reference for the quotation is 19 U.S.C.A. Section 2252(b)(1)(A). Is that citation correct?

**Answer 1:** The text of the quotation is accurate; however, the citation is a typographical error. The correct reference is to 19 U.S.C.A. Section 3371(b)(2), attached as reprinted from Westlaw, with the quoted language highlighted.

As discussed in Canacero's comments, the reference is to the U.S. law governing "Relief from Imports from all Countries" of the NAFTA implementing statute. Section 3371 governs "NAFTA article impact in import relief cases under the Trade Act of 1974." Subsection (b) of Section 3371 sets forth the two unique factors that apply to NAFTA countries in a global safeguard investigation. Those two factors are that imports (1) must be a substantial import share and (b) must contribute importantly to the serious injury, or threat thereof, the U.S. domestic industry. A copy of that statute is attached.

**Question 2:** What percentage of Mexico's steel production is destined for the domestic market and what percentage of that production is destined for the export market? What are some examples of export ratios of Mexican companies? What quantity of Mexico's exports is "re-imported"?

**Answer 2:** As discussed, Mexico's domestic steel industry produces a variety of finished, semi-finished and derivative products. That production increasingly is oriented to the domestic market. For example, Canacero statistics on steel finished products (which includes flat, long, and seamless pipe and tube products), is that 27% of production was exported in 1996, 22% was exported in 1997, and about 14% was exported in 1998, 1999 and 2000.

The answers of the two companies, both of which produce finished products, to the TPSC about their export orientations are consistent with that data. The companies verified their initial responses. HYLSAMEX, S.A. de C.V.'s ratio of export to production in 2001 was about 14%. IMSA ACERO, S.A. de C.V.'s ratio of export to production in 2001 was about 13%; that percentage reflects the effect of its 2000 acquisition of the Steelscape facility. The company now services many of its U.S. customers from the U.S. facility.

With respect to indirect trade, we have provided a graph that illustrates the U.S.-Mexico indirect steel trade, in terms of dollar value and volume during the 1996-2000 period. The graph reflects the U.S. exports of manufactured products with high steel content and imports of manufactured products with high steel content. (The source of the steel is unknown.) The

graph demonstrates growth in the volume and value of that trade, an expected consequence of the NAFTA. However, it also indicates the consistency of the relationship between imports and exports. That is, neither imports nor exports have grown at a significantly faster rate.

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**UNITED STATES CODE ANNOTATED**  
**TITLE 19. CUSTOMS DUTIES**  
**CHAPTER 21--NORTH AMERICAN FREE TRADE**  
**SUBCHAPTER III--APPLICATION OF AGREEMENT TO SECTORS AND SERVICES**  
**PART A--SAFEGUARDS**  
**SUBPART 2--RELIEF FROM IMPORTS FROM ALL COUNTRIES**

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§ 3371. NAFTA article impact in import relief cases under the Trade Act of 1974

(a) In general

If, in any investigation initiated under chapter 1 of title II of the Trade Act of 1974 [19 U.S.C.A. § 2251 et seq.], the International Trade Commission makes an affirmative determination (or a determination which the President may treat as an affirmative determination under such chapter by reason of section 1330(d) of this title, the International Trade Commission shall also find (and report to the President at the time such injury determination is submitted to the President) whether--

(1) imports of the article from a NAFTA country, considered individually, account for a substantial share of total imports; and

(2) imports of the article from a NAFTA country, considered individually or, in exceptional circumstances, imports from NAFTA countries considered collectively, contribute importantly to the serious injury, or threat thereof, caused by imports.

(b) Factors

(1) Substantial import share

In determining whether imports from a NAFTA country, considered individually, account for a substantial share of total imports, such imports normally shall not be considered to account for a substantial share of total imports if that country is not among the top 5 suppliers of the article subject to the investigation, measured in terms of import share during the most recent 3-year period.

(2) Application of "contribute importantly" standard

In determining whether imports from a NAFTA country or countries contribute importantly to the serious injury, or threat thereof, the International Trade Commission shall consider such factors as the change in the import share of the NAFTA country or countries, and

the level and change in the level of imports of such country or countries. In applying the preceding sentence, imports from a NAFTA country or countries normally shall not be considered to contribute importantly to serious injury, or the threat thereof, if the growth rate of imports from such country or countries during the period in which an injurious increase in imports occurred is appreciably lower than the growth rate of total imports from all sources over the same period.

(c) "Contribute importantly" defined

For purposes of this section and section 3372(a) of this title, the term "contribute importantly" refers to an important cause, but not necessarily the most important cause.

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(Pub.L. 103-182, Title III, § 311, Dec. 8, 1993, 107 Stat. 2106.)

## **HISTORICAL AND STATUTORY NOTES**

### Revision Notes and Legislative Reports

1993 Acts. House Report No. 103-361(Parts I-III), see 1993 U.S. Code Cong. and Adm. News, p. 2552.

### References in Text

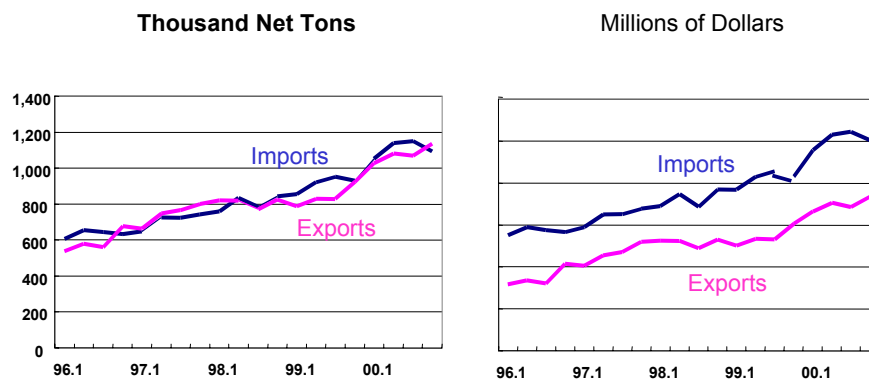
The Trade Act of 1974, referred to in subsec. (a), is Pub.L. 93-618, Jan. 3, 1975, 88 Stat. 1978, as amended. Chapter 1 of title II of the Trade Act of 1974 is classified to part 1 (section 2251 et seq.) of subchapter II of chapter 12 of this title. For complete classification of this Act to the Code, see section 2101 of this title and Tables.

### Effective and Applicability Provisions

1993 Acts. Section effective on the date the North American Free Trade Agreement enters into force with respect to the United States [Jan. 1, 1994], see section 318 of Pub.L. 103-182, set out as a note under section 3351 of this title.

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## USA - Mexico Indirect Steel Trade - Trade Flows



Source: United States Indirect Steel Trade. AISI